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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM—1930.

No. 103.

HARRY F. WAITE,

Petitioner,

against

THE UNITED STATES,

Respondent.

Brief on Behalf of the Petitioner.

O. ELLERY EDWARDS,
Attorney for Petitioner,
Office & P. O. Address,
No. 233 Broadway,
Borough of Manhattan,
New York City.

HYMAN M. GOLDSTEIN,
Of Counsel.

CHARLES WATSON RUSSELL, Printer

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Supreme Court of the United States

OCTOBER TERM, 1930.

No. 103.

HARRY F. WAITE,
Petitioner,

AGAINST

THE UNITED STATES,
Respondent.

Brief on Behalf of the Petitioner.

Citations Below.

This case has been reported in the Court of Claims as follows:

1. 47 Ct. Cls. 546 (Immaterial here.)
2. 63 Ct. Cls. 438 Decision of May 2, 1927, Rec. p. 9
3. Ct. Cls. Decision of Feb. 10, 1930, Rec. p. 27
4. Ct. Cls. Decision of April 7, 1930, Rec. p. 33

Jurisdiction.

Jurisdiction was granted pursuant to an allowance of the petition herein applied for under the Act of Feb-

ruary 13, 1925, Chapter 229, 43 Stat. at large, 939; U. S. Code, Title 28, Sec. 288.

Facts.

1. This is a suit brought under the patent laws, and particularly Section 68 of Title 35, U. S. Code, Act of June 25, 1910, Chapter 423, 36 Stat. 851, as amended July 1, 1918, Chapter 114, 40 Stat. 705, to recover for infringement of Letters Patent No. 1,343,599, dated June 15th, 1920, for an X-ray system, granted on an application filed July 6th, 1917, by Harry F. Waite, the petitioner herein. The suit is an ordinary patent suit for the reasonable and entire compensation allowable in such cases (Rec., pp. 3 and 4). The patent has been found valid and infringed (Rec., p. 21, fol. 21).

2. The claim of the patent in suit, the only claim involved, covers a peculiar transformer with three wires running therefrom and an X-ray tube known as the Coolidge tube with three connections for such wires, and for the purposes of this case the system embodying these features may be called the three wire system (Rec., p. 11, Finding 4). The transformers and connecting wires were manufactured and supplied by the Wappler Manufacturing Co. (Rec., p. 15, Find. 14 and p. 16, Find. 15, and p. 28, Find. 3) and the X-ray tubes, the well-known Coolidge tubes, were furnished by another manufacturer, The General Electric Co. The parts were assembled and tested by the respondent (Rec., p. 21, par. 3). The apparatus is suitable for battlefront conditions where men are to have the benefit of X-ray examination, as near the firing line as possible, and where an alternating electric current is available (Rec., p. 24).

3. The court below found that 101 infringing transformers were manufactured for the defendant and that a reasonable royalty, due because of the infringements, is $59.42 per transformer. Judgment for compensation was accordingly awarded in the sum of $6,001.42 (Rec., p. 30, Find. 9).

4. Although the government received these transformers and the Wappler contract was completed, on or before June 15th, 1922 (Rec., p. 28, Find. 3) the Court of Claims failed and refused to allow interest on the amount of reasonable royalties from that day (Rec., p. 33, fol. 30).

Assignment of Error.

The sole error complained of is the refusal of the court to allow interest on the amount of reasonable royalties from the time payment thereof should have been made.

The petitioner contends that interest at the rate of 6% should be allowed on the sum awarded, namely $6,001.42 from June 15th, 1922, to the date of final judgment in the case.

Issue as Stated by Defendant in Brief on Petition for Writ of Certiorari, p. 3.

"If the phrase 'reasonable and entire compensation,' as used in the Act of 1918, has the same meaning as the phrase 'just compensation,' as used in the Fifth Amendment of the Constitution, it would seem that the court should have allowed interest. (See *Seaboard Air Line Ry.* v. *United States*, 261 U. S. 299; *Brooks-Scanlon Corp.* v. *United States*, 265 U. S. 106; *Liggett & Meyers* v. *United States*, 274 U. S. 215; *Phelps* v. *United States*, 274 U. S. 341.)"

ARGUMENT.

We accept the issue as stated by the other side and will argue accordingly.

Outline of Argument.

Point One.

The word "entire" as used in the Act of July 1st, 1918, means that the respondent assumes full responsibility and liability for the infringements of its contractors.

Wm. Cramp & Sons Co. v. *International Curtis*, 246 U. S. 28;
Richmond Screw Anchor Co. v. *U. S.*, 275 U. S., 331.

Point Two.

The term "just compensation" as used in the Constitution of the United States, 5th Amendment, means the same as "compensation." Similarly, "reasonable compensations" means "compensation."

(As to the first proposition, see *Monongahela Navigation Co.* v. *U. S.*, 148 U. S. 312.)

Point Three.

The history of the Act of July 1st, 1918, shows that the term "reasonable compensation" as used therein means the same as "just compensation" as used in the 5th Amendment to the Constitution.

(a) Conditions prior to the act of June 25, 1910.

James v. *Campbell*, 104 U. S. 356, 357.
Schillinger v. *U. S.*, 155 U. S. 163.
Wm. Cramp & Sons Co. v. *International Curtis* (*supra*).

(b) The effect of the act of June 25, 1910.

Wm. Cramp & Sons v. *International Curtis*, (*supra*).

(c) The effect of the act of July 1st, 1918.

Richmond Screw Anchor v. *U. S.* (*supra*).

(d) The acts of June 25th, 1910 and July 1st, 1918 gave a right to sue the United States so as to make good the "just compensation" clause of the 5th Amendment to the Constitution.

Conclusion.

As the words "reasonable..compensation" and "just compensation" mean one and the same thing, it is obvious, under the admissions of the other side and the decisions of this court, that this petitioner is entitled to recover interest from June 15, 1922 to the date of entry of final judgment.

Point One.

The word "entire" as used in the Act of July 1st, 1918, means that the respondent assumes full responsibility and liability for the infringement of its contractors.

The Act of June 25th, 1910, Chap. 423, 36 Stat. 851, [as amended, 35 U. S. C. 68] did not use this word "entire" and the result was that a patent owner, when his patent was infringed by a contractor working for the respondent, had an option,—to either sue the contractor or he could sue the United States in the Court of Claims. (*Wm. Cramp & Son* v. *International Curtis*, 246 U. S. 28.) To confine the recovery entirely to suit in the Court of Claims against the respondent and to

prevent any interference with the contractor, the Act of July 1st, 1918 was passed. This act is Chap. 114, 40 Stat. 704, 705; 35 U. S. C. 68. This Act had exactly this effect as appears from the following, quoted at the bottom of page 343 and the top of page 344 in the case of *Richmond Screw Anchor Co.* v. *United States*, *supra*:

> "The word 'entire' emphasizes the exclusive and comprehensive character of the remedy provided. As the Solicitor General says in his brief with respect to the act, it is more than a waiver of immunity and effects an assumption of liability by the government."

Point Two.

The term "just compensation" as used in the Constitution of the United States, 5th Amendment, means the same as "compensation." Similarly, "reasonable compensation" means "compensation." ~~As to the first proposition, see *Monongahela Navigation Co.* v. *U. S.*, 148 U. S. 312.~~

> "The language used in the fifth amendment in respect to this matter is happily chosen. The entire amendment is a series of negations, denials of right or power in the government; the last (the one in point here) being: 'Nor shall private property be taken for public use without just compensation.' The noun 'compensation,' standing by itself, carries the idea of an equivalent. Thus we speak of damages by way of compensation, or compensatory damages, as distinguished from punitive or exemplary damages; the former being the equivalent for the injury done, and the latter imposed by way of punishment. So that, if the adjective 'just' had been omitted, and the

> provision was simply that property should not be taken without compensation, the natural import of the language would be that the compensation should be the equivalent of the property. And this is made emphatic by the adjective 'just.' There can, in view of the combination of those two words, be no doubt that the compensation must be a full and perfect equivalent for the property taken; and this just compensation, it will be noticed, is for the property, and not to the owner. Every other clause in this fifth amendment is personal. 'No person shall be held to answer for a capital or otherwise infamous crime.' etc. Instead of continuing that form of statement, and saying that no person shall be deprived of his property without just compensation, the personal element is left out, and the 'just compensation' is to be a full equivalent for the property taken. This excludes the taking into account as an element in the compensation any supposed benefit that the owner may receive in common with all from the public uses to which his private property is appropriated, and leaves it to stand as a declaration that no private property shall be appropriated to public uses unless a full and exact equivalent for it be returned to the owner." (*Monongahela Navigation* v. *United States*, 148 U. S. 312, 325.)

By a parity of reasoning, the term "reasonable compensation" means "compensation." The words "just" and "reasonable" are interchangeable in this connection.

Point Three.

The history of the Act of July 1, 1918, shows that the term "reasonable compensation" as used therein means the same as "just compensation" as used in the 5th Amendment of the Constitution.

For convenience, we will arbitrarily divide the time under consideration into three periods, as follows:

a. Conditions prior to the Act of June 25th, 1910.

b. The period commencing with June 25th, 1910 and ending July 1st, 1918, when the Act was amended; and

c. The period beginning with July 1st, 1918 to the present time.

As to each of these, we will give quotations from the opinions of this court which make conditions clear.

a.—Conditions Prior to the Act of June 25, 1910.

From *James v. Campbell*,

> "That the government of the United States when it grants letters-patent for a new invention or discovery in the arts, confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser, we have no doubt. The Constitution gives to Congress power 'to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries,' which could not be effected if the

government had a reserved right to publish such writings or to use such inventions without the consent of the owner. Many inventions relate to subjects which can only be properly used by the government, such as explosive shells, rams, and submarine batteries to be attached to armed vessels. If it could use such inventions without compensation, the inventors could get no return at all for their discoveries and experiments. It has been the general practice, when inventions have been made which are desirable for government use, either for the government to purchase them from the inventors, and use them as secrets of the proper department; or, if a patent is granted, to pay the patentee a fair compensation for their use. The United States has no such prerogative as that which is claimed by the sovereigns of England, by which it can reserve to itself, either expressly or by implication, a superior dominion and use in that which it grants by letters-patent to those who entitle themselves to such grants. The government of the United States, as well as the citizen, is subject to the Constitution; and when it grants a patent the grantee is entitled to it as a matter of right, and does not receive it, as was originally supposed to be the case in England, as a matter of grace and favor.

"But the mode of obtaining compensation from the United States for the use of an invention, where such use has not been by the consent of the patentee, has never been specifically provided for by any statute. The most proper forum for such a claim is the Court of Claims, if that court has the requisite jurisdiction. As its jurisdiction does not extend to torts, there might be some difficulty, as the law now stands, in prosecuting in that court a claim for the unauthorized use of a patented invention; although where the tort is waived, and the claim is placed upon the footing of an implied contract, we understand that the court has in several recent instances entertained the jurisdiction. It is true, it overruled such a claim on the original patent in this case, pre-

sented in 1867; but, according to more recent holdings, it would properly now take cognizance of the case. The question of its jurisdiction has never been presented for the consideration of this court, and it would be premature for us to determine it now. If the jurisdiction of the Court of Claims should not be finally sustained, the only remedy against the United States, until Congress enlarges the jurisdiction of that court, would be to apply to Congress itself. The course adopted in the present case, of instituting an action against a public officer, who acts only for and in behalf of the government, is open to serious objections. We doubt very much whether such an action can be sustained. It is substantially a suit against the United States itself, which cannot be maintained under the guise of a suit against its officers and agents except in the manner provided by law. We have heretofore expressed our views on this subject in *Carr* v. *United States* (98 U. S. 433), where a judgment in ejectment against a government agent was held to be no estoppel against the government itself.

"But as the conclusion which we have reached in this case does not render it necessary to decide this question, we reserve our judgment upon it for a more fitting occasion." (*James* v. *Campbell*, 104 U. S. 356, 357, 358.)

From *Schillinger* v. *U. S.*

"The United States cannot be sued in their courts without their consent, and in granting such consent Congress has an absolute discretion to specify the cases and contingencies in which the liability of the government is submitted to the courts for judicial determination. Beyond the letter of such consent the courts may not go, no matter how beneficial they may deem, or in fact might be, their possession of a larger jurisdiction over the liabilities of the government.

"Until the organization of the court of claims by the act of February 24, 1855 (10 Stat. 612)

the only recourse of claimants was in an appeal to congress. That act defines the claims which could be submitted to the court of claims for adjudication as follows:

"'The said court shall hear and determine all claims founded upon any law of congress, or upon any regulation of an executive department, or upon any contract, express or implied, with the government of the United States, which may be suggested to it by a petition filed therein; and also all claims which may be referred to said court by either house of congress.'

* * * * * *

"On March 3, 1887 (24 Stat. 505), a new act was passed in reference to the jurisdiction of the court, its language being:

"'The court of claims shall have jurisdiction to hear and determine the following matters:

"'First: All claims founded upon the constitution of the United States or any law of congress, except for pensions, or upon any regulation of an executive department, or upon any contract, expressed or implied, with the government of the United States, or for damages, liquidated or unliquidated, in cases not sounding in tort, in respect of which claims the party would be entitled to redress against the United States, either in a court of law, equity, or admiralty if the United States were suable.'

* * * * * *

"Here the claimants never authorized the use of the patent right by the government; never consented to, but always protested against it; threatening to interfere by injunction or other proceedings to restrain such use. There was no act of congress in terms directing, or even by implication suggesting, the use of the patent. No officer of the government directed its use, and the contract which was executed by Cook did not name or describe it. There was no recognition by the government or any of its officers

of the fact that in the construction of the pavement there was any use of the patent, or that any appropriation was being made of claimants' property. The government proceeded as though it were acting only in the management of its own property and the exercise of its own rights, and without any trespass upon the rights of the claimants. There was no point in the whole transaction from its commencement to its close where the minds of the parties met, or where there was anything in the semblance of an agreement. So, not only does the petition count upon a tort, but also the findings show a tort. That is the essential fact underlying the transaction, and upon which rests every pretense of a right to recover. There was no suggestion of a waiver of the tort, or a pretense of any implied contract, until after the decision of the court of claims that it had no jurisdiction over an action to recover for the tort." (*Schillinger v. United States*, 155 U. S. 163, 170.)

The conclusion was that the decision of the Court of Claims, dismissing the petition, be affirmed.

From *Wm. Cramp v. International Curtis.*

"At the time of the enactment of the law of 1910 the following principles were so undisputably established as to need no review of the authorities sustaining them, although the leading cases as to all the propositions are referred to in the margin.

"(a) That rights secured under the grant of letters patent by the United States were property and protected by the guarantees of the Constitution and not subject therefore to be appropriated even for public use without adequate compensation.

"(b) That although the United States was not subject to be sued and therefore could not be impleaded because of an alleged wrongful taking

of such rights by one of its officers, nevertheless a person attempting to take such property in disregard of the constitutional guarantees was subject as a wrongdoer to be controlled to the extent necessary to prevent the violation of the Constitution. But it was equally well settled as to patent rights, as was the case with all others, that the right to proceed against an individual, even although an officer, to prevent a violation of the Constitution did not include the right to disregard the Constitution by awarding relief which could not rightfully be granted without impleading the United States, or, what is equivalent thereto, without interfering with the property of the United States possessed or used for the purpose of its governmental functions.

"(c) That despite the want of authority to implead the United States, yet where an officer of the United States, within the scope of an official authority vested in him to deal with a particular subject, having knowledge of existing patent rights and of their validity, appropriated them for the benefit of the United States by the consent of the owner, express or implied, upon the conception that compensation would be thereafter provided, the owner of the patent right taken under such circumstances might, under the statute law of the United States permitting suits against the United States on contracts express or implied, recover by way of implied contract the compensation which might be rightly exacted because of such taking.

"(d) That where an officer of the United States in dealing with a subject within the scope of his authority infringed patent rights by a taking or use of property for the benefit of the United States without the conditions stated justifying the implication of a contract, however serious might be the infringement or grave to the holder of the rights the consequences of such infringement, the only redress of the owner was

against the officer, since no ground for implying a contract and securing compensation from the United States obtained. (*Wm. Cramp & Son v. International C. M. T.*, 246 U. S. 28, 39.)

b.—The Effect of the Act of June 25, 1910.

The *Cramp* case, as above stated, shows that the effect of the Act of June 25th, 1910 was to give the patent owner, in the event that his patent was infringed by a contractor working for the United States and the infringement occurred in behalf of the United States, an option, to wit: he could sue the contractor or he could sue the United States in the Court of Claims. By the Act of June 25th, 1910, the Congress of the United States recognized the liability of the United States for its infringement of letters patent and provided accordingly for his "reasonable compensation". Of course this Act will be construed and always has been construed, as far as we know, by this Court, pursuant to the Constitution of the United States and not against the same. Nothing further need be said here, because the matter will be more fully discussed under the next heading.

c.—The Effect of the Act of July 1st, 1918.

It appears in the *Richmond Screw Anchor* case, (*supra*), that the Act of July 1st, 1918 was passed at the instance of the acting Secretary of the Navy because, during the war, contractors were put in jeopardy due to patent suits which did interfere with their delivery of war munitions. They were liable to injunctions at a time when such munitions were vital to the safety of the country. As suggested by the acting Secretary, the Act of 1910 was amended so as to relieve the contractor of all liability of every kind whatsoever and make the respondent liable, as above stated. The court was very

particular to point out that the liability assumed by the United States was the same as the liability of the contractor, and the point was important because the law was involved, known as Section 3477 of the Revised Statutes, against the transfer of a claim against the United States. The exact language used by the court is found near the bottom of page 345 and reads as follows:

> "This result, if section 3477, Rev. Stat., applies and avoids the assignment, would seem to raise a serious question as to the constitutionality of the act of 1918 under the Fifth Amendment to the Federal Constitution. We must presume that Congress in the passage of the act of 1918 intended to secure to the owner of the patent the exact equivalent of what it was taking away from him. It was taking away his assignable claims against the contractor for the latter's infringement of his patent. The assignability of such claims was an important element in their value and a matter to be taken into account in providing for their just equivalent. If section 3477 applied, such equivalence was impossible.
>
> "It is our duty in the interpretation of federal statutes to reach a conclusion which will avoid serious doubt of their constitutionality. *Phelps* v. *United States*, 274 U. S. 341. Moreover, we should seek to carry out in our dealing with the act of 1918 and Revised Statutes, sect. 3477, the very important congressional purpose of the former, as already explained, in the promotion of the war as a special legislative intent. It is our duty to give effect to that special intent, although it be not in harmony with a broad purpose manifested in a general statute avoiding assignment of claims against the government enacted some 80 years ago. *In re Rouse, Hazard & Co.* (C. C. A.) 91 F. 96, 100, 101; *Townsend* v. *Little*, 109 U. S. 504, 512; *Washington* v. *Miller*, 235 U. S. 422, 428. This is in accord with general rules of interpretation, as shown in these authorities, and reconciles the section 3477, Revised Statutes, and the act of

1918, if we hold, as we do, that section 3477 does not apply to the assignment of a claim against the United States which is created by the act of 1918, in so far as the act deprives the owner of the patent of a remedy against the infringing private contractor for infringements thereof and makes the government indemnitor for its manufacturer or contractor in his infringements."

d. The Acts of June 25th, 1910 and July 1st, 1918, gave the right to sue the United States so as to make good the just compensation clause of the Fifth Amendment of the Constitution.

We submit that this is consistent with the foregoing citations and that any other view is inconsistent with them as well as being inconsistent with the Constitution of the United States and that the words "reasonable . . . compensation" as used in the Act of July 1st, 1918, mean neither more nor less than the words "just compensation" as used in the Fifth Amendment of the Constitution.

Conclusion.

As the words "reasonable . . . compensation" and "just compensation" mean one and the same thing, it is obvious, under the admissions of the other side, and the decisions of this court, that this petitioner is entitled to recover interest from June 15, 1922 to the date of entry of final judgment.

Respectfully submitted,

O. Ellery Edwards,
Attorney for Petitioner.

Hyman M. Goldstein,
Of Counsel.

Dated, October 14, 1930.

APPENDIX.

The Act of July 1, 1918, c. 114, 40 Stat. 704, 705, amending the Act of June 25, 1910, c. 423, 36 Stat. 851 (U. S. C., Title 35, Sec. 68) provides:

> The Act entitled "An Act to provide additional protection for the owners of patents of the United States, and for other purposes," approved June twenty-fifth, nineteen hundred and ten, shall be, and the same is hereby, amended to read as follows, namely:
>
> "That whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: Provided, however, That said Court of Claims shall not entertain a suit or award compensation under the provisions of this Act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: Provided, further, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: And provided further, That the benefits of this Act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States, or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service."

Fifth Amendment to the Constitution.

"No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation."